

Senate File 524 - Introduced

SENATE FILE 524

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SF 300)

(SUCCESSOR TO SSB 1078)

A BILL FOR

- 1 An Act relating to wind and other sources of renewable energy
- 2 development and production.
- 3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 476.53A Wind and other renewable
2 electric power generation.

3 It is the intent of the general assembly to encourage
4 the development of wind and other renewable electric power
5 generation including but not limited to solar and biomass
6 electric power generation. Wind electric power generation
7 has a proven record of providing a safe and secure source of
8 electricity in this state and the United States and offers
9 the potential for significant additional job creation and
10 other economic development benefits. It is also the intent of
11 the general assembly to encourage the use of solar and wind
12 power to meet local electric needs and the development of
13 transmission capacity to export wind power generated in Iowa.

14 Sec. 2. Section 476B.5, subsection 4, Code 2011, is amended
15 to read as follows:

16 4. The maximum amount of nameplate generating capacity of
17 all qualified facilities the board may find eligible under
18 this chapter shall not exceed ~~one hundred~~ fifty megawatts of
19 nameplate generating capacity.

20 Sec. 3. Section 476C.1, subsection 6, paragraph d, Code
21 2011, is amended to read as follows:

22 *d.* Was initially placed into service on or after July 1,
23 2005, and before January 1, ~~2012~~ 2021.

24 Sec. 4. Section 476C.1, subsection 6, Code 2011, is amended
25 by adding the following new paragraphs:

26 NEW PARAGRAPH. *e.* For applications filed on or after July
27 1, 2011, is a facility of not less than three-fourths megawatts
28 of nameplate generating capacity or the energy production
29 capacity equivalent if all or a portion of the renewable energy
30 produced is for on-site consumption by the producer.

31 NEW PARAGRAPH. *f.* For applications filed on or after
32 July 1, 2011, except for wind energy conversion facilities,
33 is a facility of no greater than five megawatts of nameplate
34 generating capacity or the energy production capacity
35 equivalent.

1 Sec. 5. Section 476C.1, subsection 8, Code 2011, is amended
2 to read as follows:

3 8. "*Heat for a commercial purpose*" means the heat in British
4 thermal unit equivalents from refuse-derived fuel, methane, or
5 other biogas produced in this state either for commercial use
6 by a producer for on-site consumption or sold to a purchaser of
7 renewable energy for use for a commercial purpose in this state
8 or for use by an institution in this state.

9 Sec. 6. Section 476C.2, subsection 1, Code 2011, is amended
10 to read as follows:

11 1. A producer or purchaser of renewable energy may
12 receive renewable energy tax credits under this chapter in
13 an amount equal to one and one-half cents per kilowatt-hour
14 of electricity, or four dollars and fifty cents per million
15 British thermal units of heat for a commercial purpose, or
16 four dollars and fifty cents per million British thermal units
17 of methane gas or other biogas used to generate electricity,
18 or one dollar and forty-four cents per one thousand standard
19 cubic feet of hydrogen fuel generated by and purchased from
20 an eligible renewable energy facility or used for on-site
21 consumption by the producer.

22 Sec. 7. Section 476C.3, subsection 1, paragraph e, Code
23 2011, is amended to read as follows:

24 e. A Except when the renewable energy is produced for
25 on-site consumption by the producer, a copy of the power
26 purchase agreement or other agreement to purchase electricity,
27 hydrogen fuel, methane or other biogas, or heat for a
28 commercial purpose which shall designate either the producer
29 or purchaser of renewable energy as eligible to apply for the
30 renewable energy tax credit.

31 Sec. 8. Section 476C.3, subsection 3, Code 2011, is amended
32 to read as follows:

33 3. a. A facility that is not operational within thirty
34 months after issuance of an approval for the facility by
35 the board shall cease to be an eligible renewable energy

1 facility. However, a wind energy conversion facility that is
2 approved as eligible under this section but is not operational
3 within eighteen months due to the unavailability of necessary
4 equipment shall be granted an additional twenty-four months to
5 become operational.

6 b. A facility which notifies the board prior to the
7 expiration of the time periods specified in paragraph "a"
8 that the facility intends to become operational and wishes
9 to preserve its eligibility shall be granted a twelve-month
10 extension. An extension may be renewed for succeeding
11 twelve-month periods if the board is notified prior to the
12 expiration of the extension of the continued intention to
13 become operational during the succeeding period of extension.

14 c. If the owner of a facility discontinues efforts to
15 achieve operational status, the owner shall notify the board.
16 Upon receipt of such notification, the board shall no longer
17 consider the facility as an eligible renewable energy facility
18 under this chapter.

19 d. A facility that is granted and thereafter loses approval
20 may reapply to the board for a new determination.

21 Sec. 9. Section 476C.3, subsection 4, Code 2011, is amended
22 to read as follows:

23 4. The maximum amount of nameplate generating capacity
24 of all wind energy conversion facilities the board may find
25 eligible under this chapter shall not exceed three hundred
26 ~~thirty~~ seventy-five megawatts of nameplate generating capacity.
27 Beginning January 1, 2015, this maximum shall be increased
28 by twenty-five megawatts annually, with the last increase
29 occurring January 1, 2020. The maximum amount of energy
30 production capacity equivalent of all other facilities the
31 board may find eligible under this chapter shall not exceed a
32 combined output of ~~twenty~~ fifty-three megawatts of nameplate
33 generating capacity and one hundred sixty-seven billion British
34 thermal units of heat for a commercial purpose. Of the maximum
35 amount of energy production capacity equivalent of all other

1 facilities found eligible under this chapter, fifty-five
2 billion British thermal units of heat for a commercial purpose
3 shall be reserved for an eligible facility that is a refuse
4 conversion facility for processed, engineered fuel from a
5 multicounty solid waste management planning area. The maximum
6 amount of energy production capacity the board may find
7 eligible for a single refuse conversion facility is fifty-five
8 billion British thermal units of heat for a commercial purpose.

9 Sec. 10. Section 476C.4, subsections 1 and 2, Code 2011, are
10 amended to read as follows:

11 1. A producer or purchaser of renewable energy may apply to
12 the board for the renewable energy tax credit by submitting to
13 the board all of the following:

14 a. A completed application in a form prescribed by the
15 board.

16 b. A copy of the determination granting approval of the
17 facility as an eligible renewable energy facility by the board.

18 c. A copy of a signed power purchase agreement or other
19 agreement to purchase electricity, hydrogen fuel, methane or
20 other biogas, or heat for a commercial purpose from an eligible
21 renewable energy facility which shall designate either the
22 producer or purchaser of renewable energy as eligible to apply
23 for the renewable energy tax credit.

24 d. Sufficient documentation that the electricity, heat for
25 a commercial purpose, methane gas or other biogas, or hydrogen
26 fuel has been generated by the eligible renewable energy
27 facility and sold to the purchaser of renewable energy.

28 e. To the extent the produced electricity, hydrogen fuel,
29 methane or other biogas, or heat for a commercial purpose is
30 used for on-site consumption, the requirements of paragraphs
31 "c" and "d" shall not be applicable. For such renewable energy
32 production, the owner must submit a certification under penalty
33 of perjury that the claimed amount of electricity, hydrogen
34 fuel, methane or other biogas, or heat for a commercial purpose
35 was produced by the eligible facility and consumed by the

1 owner.

2 ~~e.~~ f. Any other information the board deems necessary.

3 2. The board shall notify the department of the amount
4 of kilowatt-hours, British thermal units of heat for a
5 commercial purpose, British thermal units of methane gas or
6 other biogas used to generate electricity, or standard cubic
7 feet of hydrogen fuel generated and purchased from an eligible
8 renewable energy facility or generated and used by the producer
9 for on-site consumption. The department shall calculate the
10 amount of the tax credit for which the applicant is eligible
11 and shall issue the tax credit certificate for that amount or
12 notify the applicant in writing of its refusal to do so. An
13 applicant whose application is denied may file an appeal with
14 the department within sixty days from the date of the denial
15 pursuant to the provisions of chapter 17A.

16 Sec. 11. Section 476C.4, subsection 5, Code 2011, is amended
17 to read as follows:

18 5. The department shall not issue a tax credit certificate
19 if the facility approved by the board as an eligible renewable
20 energy facility is not operational within eighteen months after
21 the approval is issued, subject to the extension provisions of
22 section 476C.3, subsection 3.

23 Sec. 12. Section 476C.5, Code 2011, is amended to read as
24 follows:

25 **476C.5 Certificate issuance period.**

26 A producer or purchaser of renewable energy may receive
27 renewable energy tax credit certificates for a ten-year period
28 for each eligible renewable energy facility under this chapter.
29 The ten-year period for issuance of the tax credit certificates
30 begins with the date the purchaser of renewable energy first
31 purchases electricity, hydrogen fuel, methane gas or other
32 biogas used to generate electricity, or heat for commercial
33 purposes from the eligible renewable energy facility for
34 which a tax credit is issued under this chapter, or the date
35 the producer of the renewable energy first uses the energy

1 produced by the eligible renewable energy facility for on-site
2 consumption. Renewable energy tax credit certificates shall
3 not be issued for renewable energy purchased or produced for
4 on-site consumption after December 31, ~~2021~~ 2030.

5

EXPLANATION

6 This bill relates to tax credits issued for eligible and
7 qualifying wind energy and renewable energy facilities.

8 The bill provides that it is the intent of the general
9 assembly to encourage the development of wind and other
10 renewable electric power generation, based upon a proven
11 record of providing a safe and secure source of electricity
12 and offering the potential for significant job creation. The
13 bill additionally provides that it is the intent of the general
14 assembly to encourage utilization of solar and wind power
15 to meet local electric needs and develop wind transmission
16 capacity.

17 The bill reduces the maximum amount of nameplate generating
18 capacity of qualified facilities determined eligible to
19 receive the wind energy production tax credit issued pursuant
20 to Code chapter 476B from 150 megawatts to 50 megawatts, and
21 increases the maximum amount of nameplate generating capacity
22 for all wind energy conversion facilities determined eligible
23 to receive the renewable energy tax credit issued pursuant
24 to Code chapter 476C from 330 to 375 megawatts, increasing
25 beginning January 1, 2015, by 25 megawatts annually up to and
26 including January 1, 2020. The bill additionally increases the
27 maximum amount of energy production capacity equivalent of all
28 renewable energy facilities other than wind energy conversion
29 facilities determined eligible to receive the renewable energy
30 tax credit from 20 megawatts combined with other specified
31 British thermal units to 53 megawatts.

32 The bill extends the time period during which an eligible
33 renewable energy facility seeking to qualify for the renewable
34 energy tax credit shall have been placed in service by 11 years
35 to before January 1, 2021, and correspondingly extends the

1 existing 10-year duration for credit issuance to December 31,
2 2030.

3 The bill adds renewable energy produced for on-site
4 consumption for a commercial purpose as a form of energy
5 produced by a qualifying facility which may apply for the
6 credit on or after July 1, 2011, provided that the facility is
7 capable of producing not less than three-fourths megawatts of
8 nameplate generating capacity or the energy production capacity
9 equivalent, and makes conforming changes in Code chapter 476C.
10 The bill restricts facilities other than wind energy conversion
11 facilities applying for the credit on or after July 1, 2011,
12 to a nameplate generating capacity of no greater than five
13 megawatts.

14 The bill provides that to the extent that electricity,
15 hydrogen fuel, methane or other biogas, or heat for a
16 commercial purpose is used for on-site consumption, current
17 application requirements relating to submission of a signed
18 power purchase agreement with a utility and documentation
19 regarding the sale of the energy produced are not applicable.
20 Instead, the bill provides that the owner must submit a
21 certification under penalty of perjury that the claimed amount
22 of electricity, hydrogen fuel, methane or other biogas, or heat
23 for a commercial purpose was in fact produced by the eligible
24 facility and consumed by the owner.

25 The bill also provides that a facility which notifies
26 the Iowa utilities board that the facility intends to become
27 operational and wishes to preserve its eligibility for a tax
28 credit under Code chapter 476C shall be granted a 12-month
29 extension, beyond a current 18-month maximum, which may
30 be renewed for succeeding 12-month periods if the board is
31 notified prior to the expiration of the period of the continued
32 intention to become operational. The bill specifies that
33 if the owner of a facility discontinues efforts to achieve
34 operational status, the owner shall notify the board. Upon
35 receipt of such notification the board shall immediately remove

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1 the facility from eligible status.